

In the market economy, without intervention of the government, profits and assets of companies tend to concentrate and create opposite poles. This situation is not only inimical to equality in doing business but also conducive to rivalry between companies and hindrance to the economic development.

In realities, the economic development resulted from efforts of the people in general, and of companies to be precise. Everybody has a certain contribution to the development. So an inequitable division of the income would be unfair. The intervention of the government is needed here to distribute profits equitably among companies, especially by taxation.

Profit, or income, could be redistributed by imposing sales tax, in-



required by the State Bank.

In our opinion, in the market mechanism, such a discrimination in taxation is unreasonable and can't create an equal condition necessary for developing business of all economic sectors.

The discriminatory taxation against local companies and in favor of companies with foreign investment has not created the fair competition and forced local companies to look for partnership with foreign companies in order to get preferential tax or to avoid tax.

As we know, foreign and domestic investment assumed the same importance to the economic development, so the discriminatory taxation is unreasonable and inappropriate to international practices, thus it should be altered.



BASIC SOLUTIONS TO TAX POLICY ON COMPANIES

by MEcon. TRẦN QUỐC TUẤN

come tax, sumptuary tax, etc.

In general, high-profit company should pay a larger amount of money for taxes and low-profit company pays a smaller one. The government will use this money to carry out social security scheme, reduce budget deficit, pay foreign loans, stabilize prices and reduce inflation rate.

However, from the realities of social equitability, current taxation reveals many problems.

- There is a discrimination against private companies. For example, a state-run commercial banks is permitted by the Ministry of Finance to add capital allowance to total cost, so the amount of tax payable on the income is kept small, whereas a joint stock bank isn't permitted to do it and should pay a higher profits tax. Moreover, the State Bank forces joint stock banks to preserve their authorized

capital at a certain percentage. Many joint stock banks have to use a part of their profits to meet this requirement, and after paying profits tax at 45% rate, only a small part of their profit remains for them to distribute to material incentive fund, development fund, dividend for stockholders, etc. So joint stock banks were in a dilemma, if retained profit is big, dividend will be small. Some joint stock banks didn't form capital reserves and after one year their capital becomes smaller.

On the other hand, with current taxation, share-capital of joint stock banks that is used to supply loans should pay the same sales tax as mobilized capital. So these banks don't want to issue shares anymore. Up to the end of 1994, two finance companies and nine joint stock banks haven't had enough share-capital as

- In our tax system, there are many cases of tax exemption or reduction. These cases aren't clearly defined so it's up to inspectors of taxes to decide how much tax a person or organization should pay. This situation can't ensure everybody true equality because somebody could know how to ask for tax exemption or reduction while the others couldn't. Everything will depend on one's resourcefulness.

From these problems, we could find some solutions to perfect our tax system:

+ In order to create fair competition between companies, we should make a policy on equal taxation. If there is a difference in conditions for doing business between companies then there must be tax discrimination. In foreign countries, this problem is solved by a class of tax which

aims at ensuring that companies benefiting from favorable natural conditions pay a higher tax rate and vice versa. This measure not only creates equitable taxation but also encourages companies to invest in even remote localities of the country. In addition, regulation on reducing corporation tax on state-run companies should be removed in order to ensure a minimum amount of money put into benevolent and material incentive funds.

- We should impose the same tax rates on both local and foreign-invested companies in order to attract both domestic and foreign investment. If there is a preferential taxation, it would be applied to all companies.

- We need to restrict cases of tax exemption or reduction, and these cases should be defined clearly in order to keep tax policy from negotiability. All social security matters would be settled by the public treasury instead of the tax system.

The strongest point of the market economy is that the fair competition is encouraged with a view to developing the economy. But on the other hand, one of its defects is that the free competition leads to monopoly, speculation and bankruptcy of small companies. So the tax policy, along with other economic policies, should be used to cure this defect.

In order to protect small companies from bankruptcy, governments of many foreign countries have taken various helping and regulating measures. For example, in Japan, corporation tax on small companies is 30% lower than what imposed on big ones, and this percentage rises to 50% in Germany. In France, high capital allowances are permitted to small companies. In Vietnam, the tax policy hasn't solved this problem yet. In my opinion, this problem should be studied seriously.

In addition, in order to perfect the tax policy, many tax laws should be promulgated, such as laws on excise duty, customs duty, etc. At the same time, the sales tax must be replaced with the value added tax, and profits tax with corporation tax.

In short, among economic tools for macro-economic management, the tax policy has a particular importance. A tax policy which is reasonable, equitable and appropriate to level of development and requirements of the realities, will help us overcome the inertia and force the economy to develop quickly and stably ■

INFORMATICS AND VIETNAM'S INDUSTRIALIZATION AND MODERNIZATION

by NGUYỄN QUỐC PHONG & NGUYỄN HOÀNG GIÁP

In our age, development of modern sciences and technology has made information technology (infotech for short) one of the key industries having a decisive meaning to the economic growth rate and human life. In modern societies, infotech penetrated into all fields of the social life and brought about many positive changes in both the economic structure and the mechanism for socio-economic management. The "information society" concept was used to indicate a new stage of the human civilization. Computerization became a growing trend, and according to many researchers, all nations will gradually develop into information societies.

Vietnam is starting its industrialization and modernization process and this process can't be separated from computerization. The problem remains that we should make needed preparations for, get access to and develop informatics quickly and effectively.

Computerization concept (or informatisation in French) was first used in Japan in the mid-1960s. At that time, Japanese scientists raised this issue in industrialization (they called it jahoka) and at the end of the 1960s, the "information society" concept came into common use. After

many discussions, however, this concept was defined clearly at the early 1970s.

Economists and scientists all over the world agreed that the information society was a stage of development where information about production developed drastically; and infotech products represented a large percentage in total production of a society. Computerization became a process forcing conventional society to change into an information society. It reflected basic changes in the production in which the importance attached to tangible products is shifted into intangible products, that is, infotech products.

In the economic development, industrialization is a process of changing from a traditional agricultural economy to an industrial one. Meanwhile, computerization is a process of changing from a conventional economy basing on agriculture and industry to a new economy basing on informatics. Capitalist countries carrying out industrialization in the past had to handle the relationship between agriculture and industry; and at present, developing countries in their industrialization process, should handle not only that relationship but also the one between industrialization and computerization.